

Message Text

CONFIDENTIAL

PAGE 01 NEW DE 05257 01 OF 02 131040Z
ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
NSAE-00 SIL-01 SSO-00 INRE-00 /031 W
-----131105Z 052309 /14

O 130823Z APR 77

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 2656

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

CINCPAC

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMCONSUL MADRAS

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 5257

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: ELAB PINT IN

SUBJECT: THE NEW LABOR SCENE

REF: STATE 79639 (NOTAL)

INTRODUCTION AND SUMMARY: THIS ANALYSES IS INTENDED,
INTER ALIA, FOR INCLUSION IN THE NEA/INS BRIEFING
BOOK FOR AMBASSADOR-DESIGNATE GOHEEN, AS REQUESTED
REFTEL. WE DESCRIBE THE FIRST STIRRINGS OF TRADE
UNIONS, FREED FROM THE RESTRAINTS OF THE EMERGENCY,
AND THE NEW GOI'S RESPONSES, THE AMOUNT OF TIME
LOST DUE TO LABOR DISPUTES HAS INCREASED SIGNIFICANTLY
IN RECENT WEEKS, BUT STILL DOES NOT REPRESENT A SERIOUS
THREAT TO THE ECONOMY OR A CHALLENGE TO THE GOI.
THE PROBLEM IS THAT THE DISPUTE-SETTLING MECHANISMS,
PRIVATE AND GOVERNMENTAL, ARE NOW VERY MUCH IN NEED
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NEW DE 05257 01 OF 02 131040Z

OF REHABILITATION. THE NEW GOI HAS PLEDGED ITSELF
TO GRANTING WORKERS THEIR "JUST REWARDS" BUT HAS YET
TO FORMULATE AN OVERALL LABOR POLICY WHICH DEFINES THE
PARAMETERS OF LABOR'S NEW FREEDOMS IN TERMS OF THE
LARGER PUBLIC INTEREST. THE NEW SITUATION SUGGESTS
POSSIBILITIES FOR AN IMPROVEMENT IN RELATIONS BETWEEN
US AND INDIAN TRADE UNION, BUT WE URGE THAT THIS BE

DONE SLOWLY, FIRST ALLOWING THE INDIANS TO SORT OUT THEIR OWN SITUATION. END INTRODUCTION AND SUMMARY.

1. WORKERS, DENIED THE USE OF THEIR COLLECTIVE MUSCLE THROUGHOUT THE EMERGENCY PERIOD, ARE ONCE AGAIN VENTING THEIR GRIEVANCES THROUGH STRIKES AND OTHER FORMS OF AGITATION IN SOME CASES THE WORKERS HAVE SEEMED OVER-EAGER TO TAKE TO THE STREETS. FOR EXAMPLE, 11,500 EMPLOYEES OF THE MADRAS CITY BUS COMPANY RECENTLY STRUCK FOR THREE DAYS AND THEREBY INCONVENIENCED THE CITY'S TWO MILLION COMMUTERS JUST TO PROTEST THE TRANSFER OF A BUS DRIVER. ELSEWHERE WORK STOPPAGES WERE CALLED TO DEMAND INCREASED WAGES, BONUS, ETC., AS IN THE 18 DAY STRIKE OF THE PUBLICLY-OWNED HMT (MACHINE TOOLS) PLANT IN RAJASTHAN. IRONIC BUT NOT SURPRISING IS THE FACT THAT CONGRESS PARTY INTUC UNIONS HAVE SUDDENLY REDISCOVERED THEIR MILITANCY. THE INTUC BOMBAY TEXTILE WORKERS UNION STAGED A ONE-DAY STRIKE APRIL 9 TO PROTEST THE GOI'S FAILURE TO INTERVENE WITH THE MILLOWNERS ON A BONUS-RELATED ISSUE.

2. IN COMPARISON TO THE VIRTUAL ABSENCE OF STRIKES DURING THE EMERGENCY, WHAT WE ARE NOW WITNESSING IS SIGNIFICANT ALTHOUGH NOTHING EXTRAORDINARY FOR PRE-EMERGENCY INDIA, AT PRESENT THE LEVEL OF LABOR DISPUTES AND STOPPAGES DOES NOT REPRESENT AN IMPORTANT DANGER TO THE ECONOMY OR A CHALLENGE TO THE NEW GOVERNMENT. WHETHER WORK STOPPAGES WILL SETTLE DOWN TO A LOWER LEVEL, ONCE THE WORKERS HAVE LET OFF
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NEW DE 05257 01 OF 02 131040Z

STEAM, OR WHETHER THEY WILL INCREASE IN THE ABSENCE OF EMERGENCY-TYPE RESTRAINTS IS NOT CLEAR. THE PROBLEM IS THAT THE SYSTEM OF COLLECTIVE BARGAINING, WHICH SHOULD LEAD TO LABOR-MANAGEMENT AGREEMENTS, WAS VERY MUCH UNDERCUT DURING THE EMERGENCY (ALTHOUGH SOME ARGUE THAT IT WAS NEVER GENERALLY VIABLE THROUGHOUT THE COUNTRY). ADDITIONALLY, THE EXTENSIVE GOVERNMENTAL BUREAUCRACY FOR LABOR MEDIATION AND ADJUDICATION HAS SUFFERED A LOSS OF CREDIBILITY AS A RESULT OF ITS HAVING PLAYED A HEAVY-HANDED ROLE DURING THE EMERGENCY.

3. SOME OF THE STRIKES ARE DUE TO INTER-UNION RIVALRIES, NOT A NEW PHENOMENON, BUT WITH THE DEFEAT OF THE CONGRESS PARTY THOSE UNION WHICH SUPPORTED THE JANATA PARTY CAN BE EXPECTED TO MAKE A REAL EFFORT TO DISPLACE THE INTUC. EFFORTS ARE NOW UNDERWAY AMONG THE SOCIALISTS (THE HMP OF GEORGE FERNANDES AND THE HMS FACTION OF MAHESH DESAI) AND THE JANA SANGHIS (THE BMS CONFEDERATION) TO FORM A NEW CENTRAL LABOR ORGANIZATION. THE CPM'S

CITU CONFEDERATION HAS THUS FAR DECIDED NOT TO JOIN ANY NEW GROUPING, WHILE THE CPI'S AITUC HAS MADE POSITIVE NOISES IN FAVOR OF JOINING. THE AITUC IS, HOWEVER, SUSPECT IN THE EYES OF THE JANATA PEOPLE FOR ITS SUPPORT OF THE FORMER GOVERNMENT.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 NEW DE 05257 02 OF 02 131058Z
ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
NSAE-00 SIL-01 SSO-00 INRE-00 /031 W
-----131106Z 052505 /12

O 130823Z APR 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC IMMEDIATE 2657
INFO AMCONSUL BOMBAY
AMCONSUL CALCTTA
CINCPAC
AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY KATHMANDU
AMCONSUL MADRAS

C O N F I D E N T I A L SECTION 2 OF 2 NEW DELHI 5257

CINCPAC FOR POLAD

4. THUS FAR THE PRONOUNCEMENT OF THE NEW GOVERNMENT OF LABOR QUESTIONS HAVE BEEN WELL RECEIVED BY TRADE UNIONISTS. THE RAILWAY MINISTER, MADHU DANDAVATE, ON APRIL 1 ANNOUNCED THAT ALL WORKERS DISMISSED OR SUSPENDED AS A RESULT OF THE 1974 RAILWAY STRIKE WOULD BE REINSTATED UNCONDITIONALLY. GEORGE FERNANDES, THE LEADER OF THAT STRIKE AND NOW MINISTER OF COMMUNICATIONS, MADE A SIMILAR COMMITMENT IN FAVOR OF POST AND TELEPHONE WORKERS "VICTIMIZED" AS A RESULT OF STRIKES IN 1968 AND 1974. OF SPECIAL IMPORTANCE IS THE MARCH 29 STATEMENT OF LABOR MINISTER RAVINDRA VARMA THAT HIS PARTY CONSIDERS THE ANNUAL BONUS A "DEFERRED WAGE". AS SUCH BONUS BECOMES PAYABLE AS A MATTER OF RIGHT AND DOES NOT DEPEND ON THE PROFITABILITY OR PRODUCTIVITY OF A FIRM. IN ADDITION FINANCE MINISTER H.M. PATEL THE NEXT DAY TOLD THE LOK SABHA THAT THE GOVERNMENT WOULD CAREFULLY EXAMINE THE QUESTION OF SCRAPPING THE ANTI-INFLATIONARY

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NEW DE 05257 02 OF 02 131058Z

COMPULSORY DEPOSIT SCHEME UNDER WHICH 50 PERCENT OF WAGE INCREASES AND INCREASES IN THE COST OF LIVING ALLOWANCE HAS BEEN IMPOUNDED.

5. IN HIS BROADCAST TO THE NATION APRIL 4, PRIME MINISTER DESAI SAID: " NO ONE AT THE PRESENT AGE OF ENLIGHTENMENT CAN DENY LABOR ITS JUST REWARDS, BUT DEMANDS CANNOT JUSTIFY LOSS OF PRODUCTIVE EFFORT TO THE NATION... THIS IMPLIES THAT WE MUST PRODUCE AS MUCH AS WE CAN AND INCREASE THE COUNTRY'S WEALTH. I CAN ASSURE THEM (THE WORKERS) THAT THE GOVERNMENT WOULD NOT BE A PARTY TO THE DENIAL OF FAIR PLAY AND JUSTICE TO THEM." THESE WORDS WELL SUMMARIZE THE PROBLEM. A DEMOCRATIC SYSTEM IN WHICH TRADE UNIONS ENJOY FREEDOM OF ACTION WILL OF NECESSITY SUFFER MORE LOST TIME DUE TO LABOR DISPUTES AND ENCOUNTER GREATER WORKED DEMANDS FOR IMPROVED WAGES THAN AN AUTHORITARIAN SYSTEM. THE PROBLEM FOR THE NEW GOVERNMENT, WHICH INCLUDES LABOR STALWARTS SUCH AS GEORGE FERNANDES AND COMMERCE MINISTER MOHAN DHARIA, IS TO ENNUNCIATE A LABOR POLICY WHICH DEFINES THE PARAMETERS OF THIS RESTORED FREEDOM IN TERMS OF THE OVERALL INTEREST OF THE COUNTRY. WE WOULD EXPECT THE GOI TO BEGIN THIS PROCESS BY EXAMINING THE LAWS AND INSTITUTIONS OF LABOR-MANAGEMENT RELATIONS IN AN EFFORT TO MAKE THEM MORE EFFECTIVE IN SETTLING DISPUTES.

6. THIS NEW AND CHANGING LABOR SCENE WILL BE OF PARITCULAR INTEREST TO THE AMERICAN LABOR MOVEMENT. OUR VIEW IS THAT US TRADE UNIONS WOULD BE WELL ADVISED TO GIVE THE INDIANS A CHANCE TO SORT OUT THEIR OWN AFFAIRS BEFORE ATTEMPTING TO DEVELOP MORE EXTENSIVE RELATIONS OR ASSISTANCE PROGRAMS. THE INTUC HAS STILL TO RETHINK IST RELATIONSHIP WITH THE CONGRESS PARTY. THE CONFEDERATION LEADERS CONTINUE TO BE HOSTILE TO GEORGE FERNANDES AND VIEW WITH SUSPICION THE AFL-CIO'S FRIENDSHIP FOR HIM. THE OUTCOME OF MAHESH DESAI'S EFFORTS

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NEW DE 05257 02 OF 02 131058Z

TO FORM A PRO-JANATA LABOR CONFEDERATION ARE VERY UNCERTAIN. IF THE CPI'S AITUC WERE TO BE PART OF THE NEW GROUPING, THAT PRESUMABLY WOULD AFFECT THE AFL-CIO'S ATTITUDE. AN ACTIVIST PROGRAM BY AMERICAN TRADE UNIONS IN INDIA WOULD NOT BE WELCOME BY THE INDIANS AT THIS TIME. IT WOULD BE MISUNDERSTOOD BY

BOTH THOSE SUPPORTING THE NEW GOVERNMENT AS WELL AS THOSE
WHO BACKED THE PREVIOUS REGIME.
SCHNEIDER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: UNION GOVERNMENT RELATIONS, LABOR UNIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NEWDE05257
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770127-1272
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770462/aaaacbkb.tel
Line Count: 227
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 645635a6-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 79639
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2821532
Secure: OPEN
Status: NATIVE
Subject: THE NEW LABOR SCENE
TAGS: ELAB, PINT, IN
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/645635a6-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009